

FORD RIVER TOWNSHIP
REPORT ON FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2006

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name FORD RIVER TOWNSHIP	County DELTA
Audit Date MARCH 31, 2006	Opinion Date MAY 25, 2006	Date Accountant Report Submitted to State: MAY 25, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

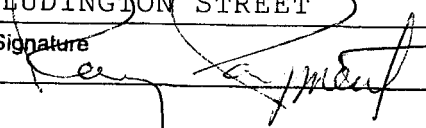
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) RAY PAYMENT, CPA			
Street Address 617 LUDINGTON STREET	City ESCANABA	State MI	ZIP 49829
Accountant Signature 			

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May 25, 2006

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Independent Auditor's Report

Honorable Township Board
Township of Ford River
Delta County, Michigan

I have examined the accompanying balance sheets of the various funds of the Ford River Township as of March 31, 2006, and the related statements of cash receipts and expenditures, and changes in fund balances for the year then ended. These financial statements are the responsibility of the Township management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States, Government Auditing Standards, issued by the Comptroller General. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 2, the Township of Ford River prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Michigan, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The financial statements of the Ford River Township Water Fund for the year ended March 31, 2006, have not been included in the accompanying financial report. However, I have examined the financial statements of such fund and have issued my separate report thereon dated May 25, 2006.


Management has not presented government-wide statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and discretely presented component units. Accounting principles generally accepted in the United States of America require

May 25, 2006

the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Township's governmental activities, business-type activities, and discretely presented component units are not reasonably determinable.

In my opinion, except for the omission of the government-wide statements as described above, the financial statements present fairly the fund balances of the various funds of Ford River Township as of March 31, 2006, arising from cash transactions, and their cash receipts and disbursements for the year then ended.

The financial statements referred to in the foregoing opinion are identified in the contents of this report. My examination was made primarily for the purpose of rendering an opinion on these basic financial statements, taken as a whole. The supplementary financial data identified in the contents, although not considered necessary for a fair presentation of financial position and results of operations, is presented primarily for supplemental analysis purposes. This additional information has been subjected to the audit procedures applied in the examination of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Ray L. Payment
Certified Public Accountant

FORD RIVER TOWNSHIP
COMBINED BALANCE SHEET
ALL FUND TYPES - CASH BASIS
MARCH 31, 2006

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Trust & Agency</u>
ASSETS:			
Cash	\$ 274 177	\$ 1 416	\$ 4 503
Fixed assets	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 274 177</u>	<u>\$ 1 416</u>	<u>\$ 4 503</u>
LIABILITIES AND FUND BALANCE:			
Payroll taxes withheld	\$ -	\$ -	\$ -
Pension withheld	<u>-</u>	<u>-</u>	<u>4 503</u>
TOTAL LIABILITIES	-	-	4 503
FUND BALANCE - UNRESTRICTED	274 177	1 416	-
INVESTMENT IN			
GENERAL FIXED			
ASSETS	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 274 177</u>	<u>\$ 1 416</u>	<u>\$ 4 503</u>

See accompanying notes to financial statements.

Account
Groups
General
Fixed
Assets

\$ -
173 989

\$ 173 989

\$ -
-

-

-

173 989

\$ 173 989

FORD RIVER TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS - CASH BASIS
YEAR ENDED MARCH 31, 2006

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
CASH RECEIPTS:		
Property taxes - current and delinquent	\$ 42 246	\$ -
Swamp tax and Commercial Forest Reserve	10 595	-
State shared taxes	151 384	-
Liquor license fees	-	1 678
Fees, permits and licenses	753	-
Interest	4 187	-
Rents	1 075	-
Charges for services:		
Cemetery	3 250	-
Fire calls	2 250	-
Tax collection and administration fees	18 283	-
Reimbursements and miscellaneous	5 040	-
TOTAL CASH RECEIPTS	<u>239 063</u>	<u>1 678</u>
CASH DISBURSEMENTS:		
Legislative:		
Township board expense and trustees	10 717	-
General Government:		
Township supervisor	9 879	-
Clerk	11 024	-
Treasurer	24 816	-
Planning commission and zoning	5 044	-
Payroll taxes and pension	4 785	-
Assessor	18 495	-
Board of Review	1 015	-
Cemetery	2 674	-
Insurance	17 424	-
Town hall expenses	9 416	-
Recreation	1 650	-
Elections	2	-
Highways, roads and street lights	121 052	-
Liquor law enforcement	-	2 040
Fire protection and hydrant rental	27 302	-
TOTAL DISBURSEMENTS	<u>265 295</u>	<u>2 040</u>
EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ (26 232)	\$ (362)
FUND BALANCE, at beginning of period	<u>300 409</u>	<u>1 778</u>
FUND BALANCE, at end of period	<u>\$274 177</u>	<u>\$ 1 416</u>

See accompanying notes to financial statements.

FORD RIVER TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUNDS - CASH BASIS
YEAR ENDED MARCH 31, 2006

	General Fund		
	Actual Amount	Budget Amount	Favorable (Unfavorable)
CASH RECEIPTS:			
Property taxes			
- Current and delinquent	\$ 42 246	\$ 42 000	\$ 246
Swamp tax and C.F.R.	10 595	10 535	60
State shared taxes	151 384	145 000	6 384
Liquor license fees	-	-	-
Fees, permits and licenses	753	800	(47)
Interest	4 187	2 000	2 187
Rents	1 075	1 000	75
Charges for Services:			
Cemetery	3 250	2 000	1 250
Fire calls	2 250	1 500	750
Tax collection and administration fees	18 283	17 000	1 283
Reimbursements and miscellaneous	5 040	800	4 240
TOTAL CASH RECEIPTS	<u>239 063</u>	<u>222 635</u>	<u>16 428</u>
CASH DISBURSEMENTS:			
Legislative:			
Township board pension, insurance & trustees	32 926	38 000	5 074
General Government:			
Township supervisor	9 879	11 000	1 121
Clerk	11 024	13 000	1 976
Treasurer	24 816	27 000	2 184
Planning commission & zoning	5 044	10 000	4 956
Assessor	18 495	18 000	(495)
Board of Review	1 015	2 000	985
Cemetery	2 674	12 000	9 326
Township hall and grounds	9 416	20 000	10 584
Recreation	1 650	30 000	28 350
Elections	2	2 000	1 998
Highways, roads & street lights	121 052	131 980	10 928
Liquor law enforcement	-	-	-
Capital outlay, public improve- ment and contingencies	-	103 000	103 000
Fire protection and hydrant rental	27 302	101 200	73 898
TOTAL DISBURSEMENTS	<u>265 295</u>	<u>519 180</u>	<u>253 885</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	<u>\$(26 232)</u>	<u>\$(296 545)</u>	<u>\$ 270 313</u>
FUND BALANCE, at beginning of period	<u>300 409</u>	<u>300 409</u>	<u>-</u>
FUND BALANCE, at end of period	<u>\$274 177</u>	<u>\$ 3 864</u>	<u>\$ 270 313</u>

See accompanying notes to financial statements.

Special Revenue Funds		
Actual Amount	Budget Amount	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
-	-	-
1 678	1 300	378
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
1 678	1 300	378
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
2 040	3 000	960
-	-	-
-	-	-
2 040	3 000	960
\$(362)	\$(1 700)	\$ 1 338
1 778	1 778	-
\$ 1 416	\$ 78	\$ 1 338

FORD RIVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - REPORTING ENTITY

Ford River Township is located in Delta County and provides services to its residents in many areas including community enrichment and development, and human services. In accordance with the provisions of NCGA Statement 3, certain other governmental organizations are not considered to be part of the Township entity for financial reporting purposes. The criteria established by the NCGA for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, accordingly, the financial statements of certain other governmental organizations are not included in the financial statements of the Township. Educational services are provided through the Escanaba School System which is a separate governmental entity and, therefore, not presented in the financial statements included herein.

BASIS OF PRESENTATION

The financial activities of the Township are recorded in separate funds, categorized as follows:

GOVERNMENTAL FUNDS

General Fund

This fund is used to account for all financial transactions except those provided for in another fund. The Fund includes the general operating expenditures of the Township. Revenues are primarily derived from property taxes, State grants and other intergovernmental revenues.

FIDUCIARY FUNDS

Agency Fund

These funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or funds. The only Agency Funds are the Current Tax Collection Fund and Trust and Agency Fund.

SPECIAL REVENUE FUND

Liquor Fund

This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

FORD RIVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Ford River Township do not conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies.

BASIS OF ACCOUNTING

Governmental Funds

The accounting policies of Ford River Township do not conform to generally accepted accounting principles as applicable to governmental units in that the cash basis of accounting is utilized by the government fund rather than the modified accrual basis of accounting. Consequently, certain revenue and related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred.

Fiduciary Funds

The Fiduciary Funds are maintained on a cash basis which is consistent with the accounting measurement objectives of the funds. Reporting these funds on a cash basis does not have an affect materially different from reporting them on the accrual or modified accrual basis as required by generally accepted accounting principles.

Property Taxes

The Township's 2005 ad valorem tax was levied and collectible on December 1, 2005. It is the Township's policy to recognize revenues from the current tax levy in the current year when the proceeds of this levy are budgeted and made available for the financing of Township operations. Payment from the county which purchases the 2005 delinquent taxes will be recognized as revenue when received in cash.

See schedule on page 15 for levy breakdown and millage rates.

TOWNSHIP OF FORD RIVER
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 3 - CASH AND INTEREST-BEARING DEPOSITS

Deposits are carried at cost. Deposits of the Township are in two banks in the name of Ford River Township Treasurer. Michigan Compiled Laws, Section 124.91, authorizes the Township Treasurer to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities, and direct obligations of the United States, or any agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Governmental National Mortgage Association; United States government or Federal agency obligation repurchase agreement; banker's acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which matures not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. The Township's deposits are in accordance with statutory authority.

Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosure for the Township's cash deposits are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>
Insured	\$ 280 096
Not insured	-
TOTAL DEPOSITS	<u>\$ 280 096</u>

NOTE 4 - BUDGETS AND BUDGETARY ACCOUNTING

As set forth in the Township Charter, the Township adopts an annual budget for the General Fund and Special Revenue Funds. The annual budgets are prepared in accordance with the basis of accounting utilized by those funds (cash basis). The Township board is authorized to transfer budgeted amounts within and among departments. Subsequent to year-end, the board adopts an amended budget approving any transfers among departments or additional expenditures. For the current fiscal year the budgeted expenditures for the General Fund and Liquor Fund were not changed in total. The amount budgets are presented on Page 7. All appropriations lapse at fiscal year-end.

FORD RIVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 5 - PENSION PLAN

The Township provides pension benefits for its officers and employees through a defined contribution plan through the Municipal Retirement System, Inc. At March 31, 2006 there were 13 employees vested in the plan. Participants are vested immediately in an individual flexible annuity. The total cost to the Township for the year was \$4,503, of which all was withheld from employees' wages.

NOTE 6 - CHANGES IN GENERAL FIXED ASSETS

Fixed assets used in governmental fund type organizations are accounted for in the General Fixed Assets Group of Accounts, rather than in governmental funds. No depreciation has been provided on such assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. Repairs and maintenance are recorded as expenditures; renewals and betterments are capitalized.

A summary of changes in general fixed assets is presented on page 16.

FORD RIVER TOWNSHIP
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - CASH BASIS
MARCH 31, 2006

	<u>Liquor Fund</u>
ASSETS:	
Cash	<u>\$ 1 416</u>
TOTAL ASSETS	<u>\$ 1 416</u>
 FUND BALANCE - RESTRICTED	 <u>\$ 1 416</u>

See accompanying notes to financial statements.

FORD RIVER TOWNSHIP
COMBINING STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCE
ALL SPECIAL REVENUE FUNDS - CASH BASIS
YEAR ENDED MARCH 31, 2006

CASH RECEIPTS:	
Liquor license fees	<u>\$ 1 678</u>
TOTAL CASH RECEIPTS	<u>1 678</u>
CASH DISBURSEMENTS:	
Public safety:	
Liquor inspections and expenses	<u>2 040</u>
TOTAL CASH DISBURSEMENTS	<u>2 040</u>
EXCESS OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	\$(362)
FUND BALANCE, at beginning of period	<u>1 778</u>
FUND BALANCE, at end of period	<u>1 416</u>

FORD RIVER TOWNSHIP
CHANGES IN ASSETS AND LIABILITIES
ALL FIDUCIARY FUND TYPES
YEAR ENDED MARCH 31, 2006

<u>ASSETS</u>	Balance April 1, 2005	Total Receipts	Total Disbursements	Balance March 31, 2006
Cash	\$ 4 119	\$1 410 165	\$ 1 409 781	\$ 4 503
<u>LIABILITIES</u>				
Due to Federal and State Government	\$ -	\$ 9 196	\$ 9 196	\$ -
Due to Township Pension	4 119	30 084	29 700	4 503
Due to Township General Fund	-	57 545	57 545	-
Due to Escanaba Area Schools	-	385 634	385 634	-
Due to Bay de Noc College	-	170 940	170 940	-
Due to State of Michigan (S.E.T.)	-	296 104	296 104	-
Due to Intermediate Schools	-	115 530	115 530	-
Due to Delta County	-	345 132	345 132	-
TOTALS	\$ 4 119	\$1 410 165	\$ 1 409 781	\$ 4 503

See accompanying notes to financial statements.

FORD RIVER TOWNSHIP
ASSESSED VALUATION, TAX RATES AND TAX LEVIES SCHEDULE
YEAR ENDED MARCH 31, 2006

	<u>Township General Fund</u>	<u>Bay de Noc Community College</u>	<u>State of Michigan S.E.T.</u>
Taxable valuation	\$ 51 841 476	\$ 51 841 476	\$ 51 841 476
Millage rate	.7989	3.5501	6.0000
Tax Levy	\$ 41 270	\$ 183 425	\$ 310 015
Taxes returned delinquent	<u>2 809</u>	<u>12 485</u>	<u>13 950</u>
Current tax collections	<u>\$ 38 461</u>	<u>\$ 170 940</u>	<u>\$ 296 065</u>

<u>Escanaba Area Schools</u>	<u>Delta County and Pinecrest</u>	<u>Intermediate Schools</u>
\$ 51 841 476	\$ 51 841 476	\$ 51 841 476
21.0800	7.1107	2.3994
\$ 428 203	\$ 367 362	\$ 123 968
<u>42 569</u>	<u>26 216</u>	<u>8 438</u>
<u>\$ 385 634</u>	<u>\$ 341 146</u>	<u>\$ 115 530</u>

TOWNSHIP OF FORD RIVER
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
GENERAL FIXED ASSETS ACCOUNT GROUP
YEAR ENDED MARCH 31, 2006

	Balance July 1, 2005	(Deletions) or Additions	Balance June 30, 2006
ASSETS:			
Township hall and land	\$ 50 000	\$ -	\$ 50 000
Office equipment & fixtures	26 410	549	26 959
Recreation equipment and Pavilion	39 975	-	39 975
Cemetery equipment	10 000	-	10 000
Fire hall equipment	47 055	-	47 055
TOTAL ASSETS	\$ 173 440	\$ 549	\$ 173 989

RAYMOND L. PAYMENT
CERTIFIED PUBLIC ACCOUNTANT

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May 25, 2006

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
"GOVERNMENT AUDITING STANDARDS"

Ford River Township Board
Ford River Township
Delta County, MI

I have audited the general purpose financial statements of Ford River Township as of and for the year ended March 31, 2006, and have issued my report thereon dated May 25, 2006. I conducted my audit in accordance with auditing standards accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Ford River Township's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

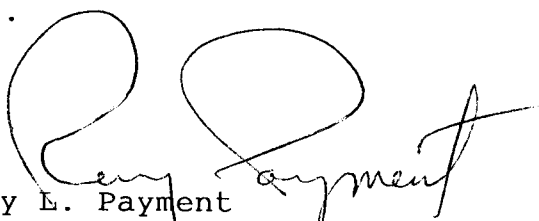
Internal Control Over Financial Reporting

In planning and performing my audit I considered Ford River Township's internal control over financial reporting in order to determine my audit procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matter in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce

May 25, 2006

to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Ray E. Payment
Certified Public Accountant